

JOINT FINANCE COMMITTEE AND BOARD OF SELECTMEN MEETING

March 2, 2016

Page 1 of 4

Meeting Date: March 2, 2016

Called to Order: 6:00 PM

Location: 1 Avenue A, Turners Falls MA

Finance Committee Members Present: John Hanold, Michael Naughton, Fred Bowman, and Patricia Pruitt. Greg Garrison and Chris Menegoni were absent.

Selectmen Present: Chris Boutwell and Rich Kuklewicz.

Others Present: Town Administrator Frank Abbondanzio, Town Accountant Carolyn Olsen, Jeff Singleton

GMRSD representatives: Superintendent Michael Sullivan, Director of Business and Operation Joanne Blier, School Committee members Sandra Brown (Chair), Joyce Phillips, Jane Oakes, Valeria Smith and Christine Postera

Gill representatives: Selectman Randy Crochier arrived at 6:37 PM; Finance Committee members Tupper Brown and Valeria Smith, Administrative Assistant Ray Purington

FCTS Representatives: Superintendent Rick Martin, Business Manager Russ Kaubris

Minutes

Finance Committee Moved:

To approve the minutes of February 24, 2016.

Vote: 4 In Favor 0 Opposed 0 Abstained

GMRSD Fiscal Year 2017 Budget

Ms. Smith noted that there is a quorum for the School Committee, so she will not be speaking on behalf of the School Committee, only the Gill Finance Committee.

Superintendent Sullivan presented the Gill-Montague proposed budget.

- Wages and benefits are steady at 70% of the budget
- Costs for students choosing to go out of district are climbing
- Goals driving budget are supporting the district's strategic plan, increasing parental and family involvement, retaining small class sizes, maintaining program offerings, focusing on making sustainable choices, and stabilizing budget account fluctuations
- The proposed budget includes the addition of 1 elementary school reading teacher, a paraprofessional at Hillcrest, a .6 FTE special education teacher at Sheffield, and a 0.4 FTE adjustment counselor
- Reductions include a behavior specialist, a part time teaching position and smaller increases than desired in teachers, staff, maintenance, textbooks, supplies furnishings, and other teaching materials
- Largest revenue increases are Medicaid reimbursements and operating assessments. Several revenue categories are expected to decrease for FY17.
- While \$400,000 of Excess & Deficiency (E & D) was used for Fiscal Year 2016, only \$300,000 is recommended for use towards Fiscal Year 2017 because the amount certified has dropped \$173,000 from July 1, 2014 to July 1, 2015. After use of \$300,000 in the FY2017 budget about \$268,000 would remain in E&D. The plan is to try to use less E&D in coming years.

- Revolving account trends were briefly reviewed.
- The current proposed budget requires a Montague assessment that is approximately \$50,000 more than the determined Affordable Assessment. The shortfall, when combined with Gill, is over \$57,000.
- Mr. Kuklewicz asked about the \$57,000 shortfall and asked if they thought about using more E&D. Mr. Sullivan feels that would be risky, and noted that some school committee members feel that even using \$300,000 is risky.
- Major contributors to the shortfall are assumptions of minimal increase in state aid and declining use of E & D.
- Regarding calculations for minimum contributions, the challenge is that foundation enrollment for Montague is down 1 student for the GMRSD and 14 for the FCTS, which increases the minimum contribution to GMRSD by \$100,000, and reduces the FCTS minimum contribution by \$93,000.
- A long-range budget projection through Fiscal Year 2019 was presented with both revenues and expenditures. This shows a projected shortfall of almost \$400,000 for Fiscal Year 2018 and an additional shortfall of \$447,000 for Fiscal Year 2019.
- In addition to the Fiscal Year 2017 operating budget shortfall, there are also capital requests of \$140,000 and a possible additional project to remove old oil tanks.
- Mr. Kuklewicz asked about enrollment trends. Decreasing enrollments are a concern because budgets are planned for steady enrollments.
- The districts' foundation budget and enrollment has only decreased by one student. But the total student loss for both districts is 15 for FY17. In terms of actual enrollment, the population of school aged residents that could be attending school has decreased. An additional 17 students have chosen to go out of district. There's also a reduction in students coming in from other districts. Natural population is fairly flat in terms of the pool of students.
- Foundation enrollment is the number of resident students in Montague that attend public schools. The number does not include home-schooled or private school students. Enrollment from Erving was trending up but appears to be flattening.
- Mr. Naughton sees two different areas of discussion. One is the advantages of spending the proposed amount, the other is the availability of funds. Even if these are all great things to spend money on, the issue remains of whether money is available to spend. Mr. Naughton noted that the tuition cost of choice and charter is trending upward, and Chapter 70 aid has almost no increase. Those two trends present a huge challenge to reaching sustainability as a school district. The big question in his mind is whether we'll be able to solve the issue. Mr. Naughton also noted that the projected Fiscal Year 2017 scenario looked as bad a year ago as Fiscal Year 2018 looks now.
- Mr. Sullivan noted that increasing enrollment and retaining students is the most important, as well as strategic shrinking when possible. The strategy is to provide the best education and increase enrollment with the available resources.
- Mr. Bowman asked about the driving force for students choosing to go out of district. Reasons vary; convenience for parents in terms of proximity to the parent's workplace, concerns with difficulty of courses, and perception of the district.

- Mr. Naughton noted that there's a great deal of School Choice activity between the local districts, with no clear indication that one district is more desired than another.
- Mr. Bowman stated that the only way to get back to the original intent for regional school districts is for the legislature to push more money to town districts rather than to charter schools. Mr. Sullivan noted that school superintendents advocate for these changes, especially for the needs of western Massachusetts regional schools that don't do well under the current formula. Michael Buonicotti, Superintendent of the Mohawk Regional School District, is inviting several superintendents to form a Rural Districts group for legislative communications.
- Mr. Singleton asked for a specific conversation around chapter 70. He doesn't think we should give up, that we need to talk this through among ourselves, and thinks there's a way to get this back on the table because the Governor has not implemented changes recommended by the foundation review committee. Mr. Singleton feels that determining what's wrong with the formula and what we can do to fix it should be part of this budget process. Mr. Sullivan agreed to be the local point person for this discussion and people who want to be part of an ongoing discussion can contact Mr. Sullivan.

FCTS Fiscal Year 2017 Budget

Superintendent Martin and Mr. Kaubris presented an overview of the Tech School's proposed budget.

- Their challenge is that they've been using an unsustainable amount of reserves, and they now face decreasing enrollment.
- Over time, the number of available students has dropped from over 800 students to 598. Enrollment has historically been in the mid-500s, but is projected to decrease to somewhere around 400. The challenge is to right-size programs. This process includes not just budgeting for Fiscal Year 2017, but also projecting needs for Fiscal Years 2018 and 2019.
- In a macro sense, the county needs a huge student population increase to maintain current enrollments.
- Mr. Kaubris noted that the only time the needle moved on Chapter 70 was when a Supreme Court case forced it. The legislature was not involved. The district's reality is the decreasing population of students.
- In past years, staff attrition has happened where it was needed. This is no longer true. The district is looking at a few potential layoffs to balance the budget. Noting that future years won't look any better.
- The FCTS draws the largest number of SpEd students in the area and needs the staff to support these students. Many students struggle with academics but excel at the hands on programs. On average, the district accepts, 80% of the SpEd students that apply. The district also offer AP courses.
- The proposed Fiscal Year 2017 budget increased 1.9%, but total town assessments increased 3% due to the reduction of available reserves to offset costs. Reserves are down below 5% in total.

- A significant source of funding has been the Tuition Revolving Fund. This account receives tuition from non-member towns and can be appropriated in the following year. This currently brings in about \$700,000 per year. This account once had a balance of over \$1 million, but the recession hit and depleted account.
- The cost per student is rising because enrollment is dropping.
- Mr. Martin did a 10 year enrollment projection, and it looks like population and enrollment will level off in a few years.
- Part of the budget increase is due to a 6.8% increase in health insurance rates, the first increase in several years. Pharmacy costs drive insurance costs, and the lack of new drugs becoming generic in the next several years will continue to drive up costs in the near future.
- Right sizing becomes negative when it negatively impacts the students.
- Mr. Bowman asked about post-graduate employment. Almost 90% of the district's students go on to college, post secondary trade schools, regional employment, or the military. The remainder of the students were undecided at the time of the survey.
- The sweet spot for tech school population is a 700-800 student body. This is when the schools have the lowest per pupil costs. FCTS has a relatively low student population, which puts them in the top third for high per-pupil costs.

Topics not anticipated within in the 48 hour posting requirements- none

Next Meeting:

- March 9th –STM amount for Reserve Fund, Final Vote Schedules I & II, FY2017 Budget
- March 16th – Use of Reserves, Town Administrator recommendations
- March 23rd – CIC
- March 30th – Vote all appropriations and funding sources,

Future Items:

- Discuss how to handle process for the appropriation for WPCF Capital Stabilization Fund, use of revenues from solid waste process.
- Financial Policy regarding annual appropriations to Town General Stabilization Fund/OPEB Trust Fund
- Revisit and rework affordable assessment concept to include both school districts.
- Still waiting on resolution (if any) on staffing to do minutes for various boards and committees- asked about by Mr. Golrick.

Meeting adjourned at 8:32 PM

List of Documents and Exhibits:

- Minutes of February 24th
- GMRSD FY2017 Budget Information
- FCTS FY2017 Budget Information